

DOB-13-2008

Hamilton 1-31H

McDivitt, Herschel

From: Karen Anspaugh [kja@anspaughlaw.com]
Sent: Tuesday, July 15, 2008 10:48 PM
To: McDivitt, Herschel
Cc: Nemecek, Mona
Subject: Hamilton 1-31H Petition for Exception
Attachments: Hamilton 1-31 Petition.doc; Hamilton 1-31 Exhibit A.xls; Hamilton 1-31 Exhibit B.doc; Hamilton 1-31 Exhibit C.doc

RE: Noble Energy, Inc.
Hamilton 1-31H drilling unit

Herschel,

Please find attached a Petition for Exception to General Unit Size and Well Spacing Requirements pertaining to the Hamilton 1-31H drilling unit. The Exhibit "A" needs to be amended to include addressed which I do not have yet. I apologize for this but I am out of town for the next few days and wanted to submit all of the Petitions for Exception simultaneously.

Hard copy to be sent tomorrow.

Karen J. Anspaugh

7/16/2008

**STATE OF INDIANA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS**

IN RE: PETITION OF NOBLE ENERGY, INC., FOR AN EXCEPTION TO 312 IAC 16-5-1, THE GENERAL OIL AND GAS WELL SPACING RULES AND 312 IAC 16-5-2, THE GENERAL OIL AND GAS DRILLING UNIT SIZE RULES

PETITION

COMES NOW the Petitioner, Noble Energy, Inc., on behalf of itself and the owners of the leasehold interests set out herein, by attorney Karen J. Anspaugh, and respectfully shows the Commission of the Department of Natural Resources of the State of Indiana the following:

1. Petitioner owns or is the duly authorized representative of various interests, including working interests and royalty interests, in the oil and gas leaseholds covering all of the land known as the Hamilton 1-31H Drilling Unit, described as follow (hereinafter referred to as "Affected Area"):
 - o Section 31, Township 7 North, Range 9 West, Sullivan County, Indiana, containing 481.00 acres, more or less.

Attached hereto and incorporated herein are Exhibit "A," being a list of said leasehold interests, Exhibit "B," being a map of the Affected Area, and Exhibit "C," being a depiction of the well configuration.

2. As allowed by 312 IAC 16-5-3, Petitioner herein seeks an exception to 312 IAC 16-5-1, the General Oil and Gas Well Spacing Rules, and 312 IAC 16-5-2, the General Oil and Gas Drilling Unit Size Rules. The variances requested are within the scope of 312 IAC 16-5-3, which does not prescribe minimum distances allowed between wells or maximum acreage allowed in a drilling unit. Said variances are for the following described purposes:
 - a) To eliminate spacing restrictions applicable to the horizontal wells, except that the location where the well bore enters the New Albany Shale and all portions of the lateral located within said formation shall be drilled more than three hundred and thirty (330) feet from any unconsolidated property boundary;
 - b) To establish a drilling unit containing 481.00 acres, more or less, for horizontal drilling in the New Albany Shale formation in the Affected Area. Section 31, Township 7 North, Range 9 West is a narrow correction Section as established by the rectangular surveying system of the State of Indiana. The Hamilton 1-31H Drilling Unit shall be comprised of said Section 31, containing 481.00 acres, more or less.

3. Petitioner herein respectfully submits to the Commission that said exceptions are supported by regional and geological characteristics and would allow the most efficient and economic recovery of natural gas:
 - a) Application of the Non-Rule Policy, published in Department of Natural Resources Information Bulletin #58, would establish a drilling unit comprised of the West Half of the East Half of Section 31, Township 7 North, Range 9 West, containing 160.00 acres, more or less.
 - b) Pursuant to application of the Non-Rule Policy, placing additional wells on the West Half and on the East Half of the East Half of Section 31, Township 7 North, Range 9 West would be impractical and uneconomical due to the narrow width of said locations. Accordingly, the correlative rights of the landowners in said areas would not be protected and they would receive no production revenue.
 - c) During drilling and initial testing in and near the Affected Area, commercial quantities of natural gas were encountered within the New Albany Shale;
 - d) Permeability within the New Albany Shale is low and the use of horizontal wells is expected to more economically keep pace with volume requirements at the Affected Area natural gas processing facilities;
 - e) Drilling horizontal wells will enhance gas recovery within the New Albany Shale by cutting across existing fracture patterns within the formation which are often more vertical than horizontal in nature, thereby facilitating the flow of gas from the shale, to the fractures, to the well bores;
 - f) Drilling horizontal wells in the manner described herein can effectively and economically recover the natural gas resources within a 481.00 acre drilling unit;
 - g) The proposed exceptions to the General Oil and Gas Well Spacing Rules and General Oil and Gas Well Drilling Unit Size Rules will not result in a loss of resources within the New Albany Shale Formation of the Affected Area. The variances will enhance recovery of the natural gas from the low permeability of the New Albany Shale Formation.
4. Petitioner is ready and willing to supply the Commission or its representatives such further and additional information as may be pertinent or relative to consideration of the above described well spacing and unit size variances within the Affected Area, either at or prior to consideration of this Petition.
5. Petitioner has not attached structure maps hereto, as structure has little impact upon the production of natural gas from the New Albany Shale. The quantity of natural gas recovered will depend instead upon the existing fracture patterns within the formation.

6. Petitioner represents that to the best of its knowledge and belief it would be in the best interests of conservation and the preservation and utilization of petroleum resources to grant the exceptions requested in Sections 2 (a) and 2 (b) above.

Therefore, Petitioner prays that, through an informal hearing, the above described exceptions to 312 IAC 16-5-1 and 312 IAC 16-5-2 be authorized and established, according to any further terms and conditions as the Commission may impose in its Order establishing such unit and spacing.

Respectfully submitted,

NOBLE ENERGY, INC.

By:

Karen J. Anspaugh #18975-49
49 Boone Village, Suite 168
Zionsville, Indiana 46077
ATTORNEY FOR PETITIONER

For Notification:

Noble Energy, Inc.
Attn: Claudia Baesler
1625 Broadway Street, Suite 2200
Denver, Colorado 80202

EXHIBIT "A"
SCHEDULE OF LEASEHOLD INTERESTS
 Hamilton 1-31H Drilling Unit: Section 31, Township 7 North, Range 9 West
 Sullivan County, Indiana

Tract	Acres	Last Name	First Name	Address	City	State	Zip Code
Leased Acreage:							
001	80.000	McCammon	Stephen and Cheryl		Sullivan	Indiana	47882
002	157.210	McCammon	Mary Helen		Sullivan	Indiana	47882
002.001	4.590	McCammon	Stephen and Cheryl		Sullivan	Indiana	47882
003	79.200	Shorter	Harry and Carolyn		Carlisle	Indiana	47838
004	50.000	Hamilton	Dennis and Kerri		Carlisle	Indiana	47838
005	28.000	Kerins	Margaret		Carlisle	Indiana	47838
006	2.000	Prose	William and Katherine		Carlisle	Indiana	47838
007	38.090	McCammon	Stephen and Cheryl		Carlisle	Indiana	47838
007.001	1.910	Shattuck	Gerald and Florence				
08	40.000	Paul McCammon Revocable Trust					
	481.000	Total Leased Acres					
	481.000	TOTAL ACRES IN DRILLING UNIT					

Exhibit "B"
 Map of "Affected Area"
 Section 31, Township 7 North, Range 9 West
 Haddon Township, Sullivan County, Indiana

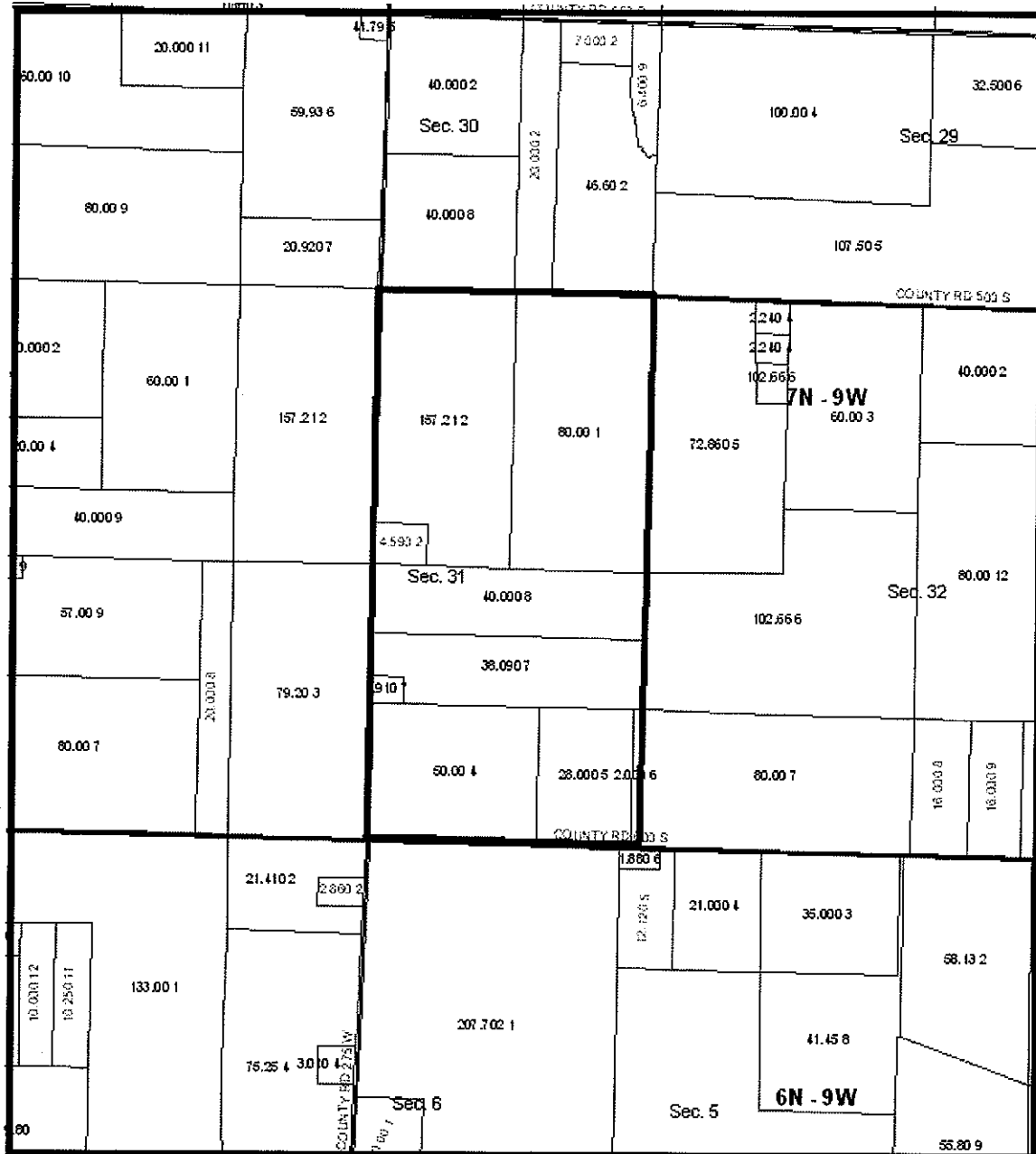


Exhibit "C"
Section 31, Township 7 North, Range 9 West

